Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 1398
Bill #: SB 75
Document ID #: <u>2685</u>
Bill Subject/Title: AN ACT relating to assessment of motor vehicles for property tax purposes and declaring an emergency.
Sponsor: Senator Jimmy Higdon
Unit of Government: x City x County x Urban-County Unified Local x Charter County x Consolidated Local x Government
Office(s) Impacted: Property Valuation Administrator
Requirement:x Mandatory Optional
Effect on Powers & Duties:x _ Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 75 amends KRS 132.485 to mandate that all vehicles which are assessed for property tax purposes using the January 1, 2022, and January 1, 2023, assessment dates be assessed at the same value they were assessed at during the immediately preceding year if they were assessed in Kentucky that year. For vehicles which were not assessed in Kentucky the previous year, the Property Valuation Administrator must conduct an assessment of the vehicle either in person or through a review of photographs and other documentary evidence to determine the value.

On January 6, 2022, the Department of Revenue Office of Property Valuation released a memo pertaining to the motor vehicle assessments adopted on January 1, 2022. This memo indicated the total assessed value for motor vehicles increased by approximately 40 percent when compared to the total assessment adopted on January 1, 2021. Under current statutes, this increase in total assessments will lead to a corresponding increase in

motor vehicle property tax receipts at the state and local level during this assessment period.

Since SB 75 would eliminate the assessment increase for motor vehicles that was adopted on January 1, 2022, the fiscal impact of SB 75, once adopted, would be negative during the current assessment period. This negative local impact will vary based on the number of taxing districts within each county, the motor vehicle assessment within each taxing district, and the applicable tax rate. The local impact for future assessment periods during the biennium is indeterminable because motor vehicle assessments for these periods are not available.

Total motor vehicle assessments and motor vehicle tax rate data are publically available at the county level, but the total assessment by taxing district within the county is not publically available. In the absence of motor vehicle assessment data by taxing district, it is not possible to estimate the negative local fiscal impact due to eliminating the assessment increase for motor vehicles during the current assessment period. For these reasons, the local impact of SB 75 is negative but indeterminable.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s):LRC Staff Economist, Department of Revenue January 6, 2022 memo,Preparer:Cynthia BrownReviewer:KHCDate:1/25/22